

Message Text

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C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 04160

USEEC

E.O. 11652: GDS
TAGS: EEC, EP, PERP, MMOL
SUBJ:THE EUROPEAN PARLIAMENT LOOKS INTO THE COMMUNITY'S
INDUSTRIAL DEFENSE POLICY

REF: (A) BRUSSELS 1170 (B) BRUSSELS 3825 (C) EC A-37

1. SUMMARY: THE EUROPEAN PARLIAMENT'S (EP) POLITICAL COMMITTEE HAS DRAFTED A REPORT PROPOSING THAT, PARALLEL TO, OR WITHIN THE FRAMEWORK OF THE EXISTING INDEPENDENT EUROPEAN PROGRAM GROUP (IPEG), A EUROPEAN ARMAMENTS PROCUREMENT AGENCY BE CREATED WHICH WOULD BE EMPOWERED TO TAKE PROCUREMENT DECISIONS AND CONDUCT ARMS PROCUREMENT NEGOTIATIONS WITH NON-EUROPEAN COUNTRIES (PRIMARILY CANADA AND THE U.S.). REPORT RECOMMENDS THAT EC AS SUCH BE REPRESENTED ON IPEG AND THE PROCUREMENT AGENCY. FACT THAT REPORT TOUCHES VERY TANGENTIALLY ON BROADER ISSUE OF A POSSIBLE ROLE FOR EC INSTITUTIONS IN EUROPEAN DEFENSE HAS ALREADY SPARKED SOME PRELIMINARY DISCUSSION WITHIN COMMUNITY (PARTICULARLY EP CIRCLES) OVER WHETHER THERE SHOULD BE A EUROPEAN DEFENSE FRAMEWORK OR MECHANISM SEPARATE FROM
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NATO. DOCUMENT HAS NOT YET BEEN REPORTED OUT OF COMMITTEE AND PROBABLY WILL NOT BE DISCUSSED BY EP PLENARY BEFORE JUNE. WHILE IT IS POSSIBLE THAT IF THE REPORT GAINS WIDESPREAD EP SUPPORT THE EC COMMISSION WILL HEED THE REPORT'S REQUEST TO STUDY ISSUES POSED AND MAKE RECOMMENDATIONS TO THE EC COUNCIL REGARDING A EUROPEAN ARMS PROCUREMENT POLICY, IT DOES NOT PRESENTLY SEEM LIKELY THAT THE

COUNCIL WILL ACCEPT ANY RECOMMENDATION WHICH MIGHT BLUR THE LINES BETWEEN NATO AND THE EC. END SUMMARY.

2. IN RECENT MONTHS THE QUESTION OF LONG-TERM EUROPEAN DEFENSE HAS RESURFACED AS A TOPIC OF SOME DEBATE WITHIN COMMUNITY CIRCLES. PRINCIPAL CAUSES FOR THIS RENEWED INTEREST ARE: (A) A DISCUSSION IN EP'S JANUARY PLENARY OF WHETHER DEFENSE AND SECURITY ISSUES SHOULD BE INCLUDED IN EC-NINE POLITICAL COOPERATION, AS RECOMMENDED BY BLUMENFELD REPORT (REF C); AND (B) AS YET UNPUBLISHED REPORT DRAFTED BY THE EP'S POLITICAL COMMITTEE ON THE NEED FOR A COMMON COMMUNITY POLICY IN THE FIELD OF ARMS MANUFACTURE AND PROCUREMENT. THE DRAFT REPORT, KNOWN AS THE KLEPSCH REPORT, AFTER ITS AUTHOR, GERMAN CHRISTIAN DEMOCRAT EGON KLEPSCH, REVIEWS THE VARIOUS ARMS PROCUREMENT SYSTEMS NOW IN OPERATION IN EUROPE, DESCRIBES THE U.S. ROLE IN THE SUPPLY OF MILITARY EQUIPMENT, AND SUGGESTS THE NEED FOR A COMMON EUROPEAN POLICY TO BE ADOPTED IN ORDER TO PUT THE "TWO-WAY STREET" CONCEPT INTO MORE PRACTICAL EFFECT. KLEPSCH ALSO NOTES SIMILAR EARLIER RECOMMENDATIONS FOR THE CREATION OF A EUROPEAN ARMAMENTS PROCUREMENT AGENCY--E.G., BELGIAN PRIME MINISTER TINDEMANS IN HIS REPORT ON EUROPEAN INTEGRATION.

3. KLEPSCH'S DRAFT REPORT'S CONCLUSIONS NOTE THAT THERE IS A GENERAL LACK OF COORDINATION IN THE FIELD OF
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EUROPEAN ARMS PROCUREMENT DESPITE THE EXISTENCE OF MECHANISMS DESIGNED TO ACHIEVE THE GOAL OF INTEROPERABILITY AND STANDARDIZATION OF WEAPONS SYSTEMS. THE REPORT EMPHASIZES THE NEED FOR A SINGLE ORGANIZED MARKET FOR THE ARMAMENTS SECTOR AND DRAWS ATTENTION TO THE FACT THAT THE FUTURE OF WESTERN EUROPE'S AIRCRAFT, SHIPBUILDING AND ELECTRONICS INDUSTRIES IS PARTICULARLY DEPENDENT ON MILITARY, AS WELL AS CIVILIAN APPLICATIONS. KLEPSCH PROPOSES, THEREFORE, THAT THE EC COMMISSION MAKE RECOMMENDATIONS REGARDING THE CREATION OF A SINGLE, STRUCTURED COMMUNITY MARKET IN MILITARY EQUIPMENT WHICH, TAKING INTO ACCOUNT THE CIVILIAN ASPECTS OF THE INDUSTRIES CONCERNED, WOULD CONSTITUTE A MAJOR ELEMENT IN THE DEVELOPMENT OF AN OVERALL COMMON INDUSTRIAL DEFENSE POLICY. TO ACHIEVE THIS PURPOSE, THE REPORT SUGGESTS THE CREATION OF A EUROPEAN ARMAMENTS PROCUREMENT AGENCY WHICH COULD BE PARALLEL TO OR WITHIN GENERAL FRAMEWORK OF THE EXISTING INDEPENDENT EUROPEAN PROGRAM GROUP (IEPG). THE PROCUREMENT AGENCY WOULD ALSO INCLUDE A COMMUNITY REPRESENTATIVE IN ADDITION TO GOVERNMENTAL REPRESENTATION FROM EC MEMBER STATES AND OTHER IPEG MEMBERS, AND WOULD HAVE AS ONE OF ITS MAIN TASKS THE CONDUCT OF EUROPE'S NEGOTIATIONS WITH

THE U.S. IN THE "TWO-WAY" DIALOGUE.

4. AT A COPENHAGEN MEETING OF THE EP POLITICAL COMMITTEE FEBRUARY 21, THE KLEPSCH DRAFT REPORT GAINED A LARGE MEASURE OF SUPPORT FROM THE GERMAN SOCIALISTS, CHRISTIAN DEMOCRATS AND ITALIAN COMMUNISTS. EP SOURCES REPORT, HOWEVER, THAT THE BRITISH LABORITES AND DANISH SOCIALISTS ON THE COMMITTEE RESERVED THEIR POSITIONS, PENDING A FURTHER CLARIFYING PAPER TO BE PREPARED BY KLEPSCH. THE BASIS FOR THE RESERVATIONS OF THESE PARLIAMENTARIANS WAS THEIR INSISTENCE THAT IT BE MADE CLEAR THAT NATO SHOULD RETAIN ITS PREDOMINANCE AS THE PRINCIPAL ORGANIZATION FOR

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BROADER ASPECTS OF EUROPEAN DEFENSE, RATHER THAN BRING THE EC AND ITS INSTITUTIONS DIRECTLY INTO THE DEFENSE FIELD, AS APPARENTLY DESIRED BY SOME MP'S.

5. SKIRMISHING ON THE KLEPSCH REPORT BEGAN IN JANUARY WHEN EC COUNCIL PRESIDENT, DANISH FOREIGN MINISTER ANDERSEN, EMPHASIZED IN HIS SPEECH TO THE EP ON THE COUNCIL'S WORK PROGRAM FOR THE NEXT SIX MONTHS THAT "MILITARY QUESTIONS FALL WITHIN THE PURVIEW OF NATO, WHICH FOR THE FORESEEABLE FUTURE REPRESENTS THE SOLE CREDIBLE BASIS FOR A WESTERN EUROPEAN DEFENSE POLICY" (REF A). DANISH PERMDEL OFFICIALS IN BRUSSELS TOLD US AT THE TIME THAT ONE OF ANDERSEN'S PURPOSES WAS TO TRY TO WARN THE EP OFF FURTHER DISCUSSION OF BROADER DEFENSE ISSUES THAT MIGHT BE ELICITED FROM KLEPSCH REPORT, OR FROM THE BLUMENFELD

REPORT (PARA 2 ABOVE) WHICH WAS DEBATED DURING THE JANUARY SESSION (REF C). WHETHER THE EP, CLEARLY SEEKING A ROLE FOR ITSELF ON POLITICAL AND SECURITY ISSUES, IS PREPARED TO ACCEPT SUCH ADMONITIONS REMAINS TO BE SEEN. UNDOUBTEDLY, KLEPSCH AND HIS SUPPORTERS WILL ARGUE THAT THE PRINCIPAL OBJECTIVE OF HIS REPORT RELATES NOT SO MUCH
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TO THE DEFENSE OF EUROPE AS TO THE NEED FOR A GENUINE INDUSTRIAL POLICY IN THE MILITARY SPHERE TO PUT THE COMMUNITY ON A MORE COMPETITIVE BASIS WITH THE U.S. OTHER PARLIAMENTARIANS, HOWEVER, MAY EQUATE AN ARMAMENTS PROCUREMENT POLICY WITH THE NEED FOR A CREDIBLE EUROPEAN DEFENSE POSTURE AND SEE IN THE KLEPSCH REPORT A STEPPING STONE FOR DISCUSSION OF THE BROADER ISSUES OF EUROPE'S DEFENSE. THIS LIKELIHOOD IS PRECISELY WHAT TROUBLES THOSE IN COMMUNITY CIRCLES WHO VIEW THE EC AS ESSENTIALLY AN ECONOMIC ENTITY, WITH SOME POLITICAL RESPONSIBILITIES, WHICH IS NEITHER DESIGNED NOR EQUIPPED TO ENTERTAIN SECURITY QUESTIONS, AND WHO BELIEVE IT OTHERWISE UNDESIRABLE TO BLUR THE LINES BETWEEN NATO AND THE EC.

6. WHILE BATTLE LINES ARE ALREADY BEING DRAWN, THE DEBATE WILL PROBABLY NOT COME TO A HEAD UNTIL JUNE, WHEN THE KLEPSCH REPORT IS EXPECTED TO BE SUBMITTED TO THE EP PLENARY. EC MEMBER COUNTRIES ARE, OF COURSE, CONCERNED ABOUT THE FUTURE OF SUCH ADVANCED TECHNOLOGY INDUSTRIES AS AIRCRAFT AND ELECTRONICS. THE COMMISSION HAS RECENTLY TOLD PARLIAMENT THAT IT THINKS EC INDUSTRIAL POLICY SHOULD TAKE ACCOUNT OF THE EFFECTS OF DEVELOPMENT AND PURCHASE OF MILITARY EQUIPMENT ON HIGH TECHNOLOGY INDUSTRIES (REF B). THUS THE COMMISSION MAY BE TEMPTED TO AT LEAST STUDY THE ISSUES POSED IN THE KLEPSCH REPORT. HOWEVER, IT IS DOUBTFUL THAT THE COUNCIL (MOST OF WHOSE MEMBER COUNTRIES ARE STRONGLY PRO-NATO, BUT ONE OF WHICH IS OUTSIDE THE ALLIANCE) WILL SUCCUMB TO PRESSURE TO INVOLVE THE COMMUNITY DIRECTLY IN DEFENSE MATTERS. WHILE THE COUNCIL'S PRECISE ATTITUDE TO PARLIAMENTARY PROPOSALS FOR A RATIONALIZED COMMUNITY POLICY ON MILITARY EQUIPMENT WILL DEPEND TO SOME EXTENT ON THE TENOR OF THE EP DEBATE OF THE KLEPSCH REPORT, IF CALLED UPON, THE COUNCIL WILL
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PROBABLY GIVE A GUARDED, TEMPORIZING REPLY, ACCOMPANIED BY FURTHER REMINDERS TO PARLIAMENT THAT DEFENSE AND SECURITY MATTERS ARE BASICALLY NATO'S PROVINCE.

7. IT IS WORTH NOTING THAT THE KLEPSCH REPORT HAS ALREADY BEEN THE SUBJECT OF SEVERAL EDITORIAL COMMENTARIES IN AGENCE EUROPE, BRUSSELS DAILY DEVOTED TO COMMUNITY AFFAIRS. IN THE MAIN, THE PULBICATION'S EDITOR, EMILIO GAZZO, A STAUNCH EUROPEAN INTEGRATIONIST SUBSCRIBES TO THE VIEW THAT EUROPE SHOULD HAVE A COMMON ARMS PROCUREMENT POLICY. MOREOVER, GAZZO GOES ON TO ARGUE THAT A NATURAL EXTENSION OF THIS POLICY SHOULD BE THE CREATION OF A COMMUNITY DEFENSE SYSTEM FOR EUROPE. HINTON

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